

How Saudi Arabia Is Surging Ahead To Be The World's Fastest-Growing Economy In 2022?

Saudi Arabia's economy is on the fast track to growth through liberalization, economic reforms and by attracting foreign investment. Saudi Arabia has surpassed the growth rate of major Asian economies like China, India, Indonesia, South Korea and North America. With the gross domestic product (GDP) expected to reach 7.6 per cent this year, the Kingdom of Saudi Arabia is witnessing the fastest growth rate since 2011. The Kingdom will top the economic chart for the world's 20 largest economies. The Saudi real GDP growth is forecast to be close to a solid 5 per cent in 2023 before slipping back to a reasonable strong growth rate of 3 per cent between 2024-26. The Kingdom's economic growth is driven primarily by rising oil and gas production and large-scale investment in the energy and non-energy sectors. Saudi Arabia continues to take impressive steps to pave the way for more stable growth for the economy.

Saudi Growth Propelled by Contained Inflation

While the major economies in the world are worried about the spiralling inflation fueled by Russia's war in Ukraine and economic recessions, Saudi Arabia managed to contain inflation. With the Saudi Central bank continuing to tighten monetary policy in line with the US Federal Reserve, consumer price inflation is expected to average 2.8 per cent in 2022. It is likely to lower further in 2023. The low annual average rate is the lowest recorded among the world's 20 largest economies. High oil prices and production helped contain inflation despite increased international commodity prices.

Saudi Arabia Oil Reserves Boost Economy

Saudi Arabia is estimated to own about one-quarter of the world's oil reserves, making it the world's leading oil exporter and second-largest oil producer. Saudi Arabia has the third most valuable natural resource reserves in the world, comprising petroleum and natural gas, with an estimated value of US\$34.40 trillion. The petroleum sector accounts for approximately 87% of Saudi budget revenues and 42% of GDP. The rising fuel prices delivered a substantial boost to the Saudi economy.

Attracting Foreign Investment to Diversify Economy

Saudi Arabia has been diversifying the country's business activities with investments in financial services, retail, e-commerce, and ICT. Saudi Arabia's foreign direct investment reached \$19.3 billion in 2021. The Kingdom is aiming for USD 100 billion in annual FDI by 2030. The government has opened the retail and wholesale sector to 100% foreign ownership, generating employment for younger generations.

Saudi Vision 2030 for Economic Reform

Saudi Arabia's grand vision of the future comes with Vision 2030, launched on 25th April 2016. Vision 2030 plans to achieve growth by integrating three pillars - a vibrant society, a thriving economy and an ambitious nation. Saudi Arabia plans to create a more diverse and sustainable economy with strategic development plans to build on the ease of doing business, streamline government services and boost religious tourism.

Saudi Giga Projects

Saudi Arabia has launched Giga-projects, ambitious landmark projects under Saudi Vision 2030 to help transform the economy by driving foreign investments and increasing spending in the economy. The four Giga projects are:

- Neom
- The Red Sea Development Company
- Qiddiya
- Roshn

Saudi Megacity Neom Project

The most ambitious project is Neom - a futuristic, sustainable megacity that comprises the world's first vertical city. Neom city is 33 times the size of New York City and is being built using artificial intelligence and clean energy sources.

The Red Sea Project

The Red city Project encompasses an archipelago of more than 90 islands to deliver a stunning experience for global travellers. The project will set new standards in luxury living with a variety of islands and coastlines to experience the highest-quality personalized accommodation and service. The eco-friendly project will mitigate carbon dioxide emissions, waste production and noise pollution.

Qiddiya Project

Qiddiya Project, located in the southwest of Riyadh is an \$8 billion entertainment city, meant to be a centre of entertainment, sports and arts for the youthful society. The projects are meant to be family-friendly theme parks which include sports & wellness, Nature & Environment, Parks & Attractions, Motion & Mobility and Arts & Culture.

Roshn Project

Roshn is a project specializing in improving the quality of life for the Kingdom's citizens to deliver high-quality living standards. The real estate and community building come with unique designs that reflect the Kingdom's rich heritage.

Growing Digitalization Strengthens Economy

Saudi Arabia is committed to prioritizing tech innovation to accelerate digital transformation. The Kingdom was named the "Top Digital Riser" among the G20 nations in the Digital Competitiveness 2021 report.

Saudi Arabia has ranked fifth worldwide in terms of mobile internet speed, among as many as 140 countries in 2021, advancing 7 ranks forward compared to its previous position in 2020. 5G deployment is now available in 60 governates. 44 per cent of public organizations have already adopted or are in the process of integrating computing services.

During the pandemic, there was a surge in the use of online health services, virtual courts, distance learning and other online platform services. Saudi Arabia is among the top markets globally for the adoption of contactless payment, with nine in 10 transactions made through contactless cards or devices, according to digital payment giant Visa.

The government is investing heavily to develop a tech ecosystem to transform the country into a technology hub. Saudi is focused on developing communication networks, robotics, augmented and virtual reality, blockchain and AI for greater engagement in technology and innovation. With a \$6.4 billion investment in future technologies, Saudi is all set to transform and diversify its economy.

Future of Business in Saudi Arabia

Saudi Arabia is in the midst of a digital revolution in every sector. Saudi Arabia's internet usage rate has witnessed a steep rise from 41% in 2010 to 98% in 2020. More than 82% of the population in Saudi Arabia use social media networks in their daily lives.

With people in Saudi Arabia increasingly spending time online, businesses also need to go digital to grow their consumer reach and promote their products or services. Business websites are crucial resources for all types of companies in the modern day, and Digital Marketing is increasingly replacing conventional offline marketing. Businesses need to upgrade their digital identity to expand their market to a global audience.

Saudi Arabia is looking to become an international hub for a wide range of business sectors. With its strong economy and improved business environment, Saudi is on the path to advancing itself on the global scene.